



HEALTH ANNUAL STATEMENT
FOR THE YEAR ENDING DECEMBER 31, 2011
OF THE CONDITION AND AFFAIRS OF THE

Grand Valley Health Plan, Inc.

NAIC Group Code	0000	0000	NAIC Company Code	95453	Employer's ID Number	38-2396958
	(Current Period)	(Prior Period)				
Organized under the Laws of	Michigan			State of Domicile or Port of Entry	Michigan	
Country of Domicile	United States					
Licensed as business type:	Life, Accident & Health [] Property/Casualty [] Dental Service Corporation [] Vision Service Corporation [] Other [] Health Maintenance Organization [X] Hospital, Medical & Dental Service or Indemnity [] Is HMO, Federally Qualified? Yes [] No [X]					
Incorporated/Organized	12/03/1981			Commenced Business	02/05/1982	
Statutory Home Office	829 Forest Hill Ave SE			Grand Rapids, MI 49546-2325		
	(Street and Number)			(City or Town, State and Zip Code)		
Main Administrative Office	829 Forest Hill Ave SE					
	Grand Rapids, MI 49546-2325			616-949-2410		
	(City or Town, State and Zip Code)			(Area Code) (Telephone Number)		
Mail Address	829 Forest Hill Ave SE			Grand Rapids, MI 49546-2325		
	(Street and Number or P.O. Box)			(City or Town, State and Zip Code)		
Primary Location of Books and Records	829 Forest Hill Ave SE					
	Grand Rapids, MI 49546-2325			616-949-2410-122		
	(City or Town, State and Zip Code)			(Area Code) (Telephone Number)		
Internet Website Address	gvhp.com					
Statutory Statement Contact	Pamela Lea Silva			616-949-2410-122		
	(Name)			(Area Code) (Telephone Number) (Extension)		
	silvap@gvhp.com			616-949-9948		
	(E-mail Address)			(FAX Number)		

OFFICERS

Name	Title	Name	Title
Roland E Palmer	President	Thomas W Schouten	Treasurer/Secretary
Pamela L Silva	Vice President/COO		

OTHER OFFICERS

DIRECTORS OR TRUSTEES

Roland E Palmer	Thomas W Schouten	Lucille I Grimm	Robert Schirado
Pamela L Silva	Virginia Smith	Herbert A Start	Kathy Lentz
Daniel Wallace #			

State ofMichigan.....

ss

County ofKent.....

The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

Roland E Palmer President	Thomas W Schouten Treasurer/Secretary	Pamela L Silva Vice President/COO
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Subscribed and sworn to before me this
29 day of February, 2012

MJ Pearson

12/23/2013

a. Is this an original filing? Yes [X] No []
b. If no,
1. State the amendment number
2. Date filed
3. Number of pages attached

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D).....	.0		.0	.0
2. Stocks (Schedule D):				
2.1 Preferred stocks .....	.0		.0	.0
2.2 Common stocks .....	.0		.0	.0
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens .....			.0	.0
3.2 Other than first liens .....			.0	.0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ encumbrances).....	892,609		892,609	920,136
4.2 Properties held for the production of income (less \$ encumbrances) .....			.0	.0
4.3 Properties held for sale (less \$ encumbrances) .....			.0	.0
5. Cash (\$2,286,864 , Schedule E - Part 1), cash equivalents (\$0 , Schedule E - Part 2) and short-term investments (\$1,001,257 , Schedule DA).....	3,288,121		3,288,121	2,730,278
6. Contract loans (including \$premium notes).....			.0	.0
7. Derivatives (Schedule DB).....			.0	.0
8. Other invested assets (Schedule BA)	964,697		964,697	933,718
9. Receivables for securities .....			.0	.0
10. Securities lending reinvested collateral assets (Schedule DL).....			.0	.0
11. Aggregate write-ins for invested assets .....	.0	.0	.0	.0
12. Subtotals, cash and invested assets (Lines 1 to 11)	5,145,427	.0	5,145,427	4,584,132
13. Title plants less \$charged off (for Title insurers only).....			.0	.0
14. Investment income due and accrued .....			.0	.0
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	479,411		479,411	568,464
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$earned but unbilled premiums).....			.0	.0
15.3 Accrued retrospective premiums.....			.0	.0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers .....	.0		.0	196,908
16.2 Funds held by or deposited with reinsured companies .....			.0	.0
16.3 Other amounts receivable under reinsurance contracts .....			.0	.0
17. Amounts receivable relating to uninsured plans .....			.0	.0
18.1 Current federal and foreign income tax recoverable and interest thereon	475,823		475,823	.0
18.2Net deferred tax asset.....	285,000	.50,470	234,530	302,123
19. Guaranty funds receivable or on deposit .....			.0	.0
20. Electronic data processing equipment and software.....	2,145		2,145	5,960
21. Furniture and equipment, including health care delivery assets (\$223,019)	224,973	.1,954	223,019	280,152
22. Net adjustment in assets and liabilities due to foreign exchange rates .....			.0	.0
23. Receivables from parent, subsidiaries and affiliates	21,702		21,702	82,288
24. Health care (\$4,462) and other amounts receivable.....	5,863	.1,401	4,462	3,968
25. Aggregate write-ins for other than invested assets	61,978	.61,978	.0	.0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	6,702,322	.115,803	6,586,519	6,023,995
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			.0	.0
28. Total (Lines 26 and 27)	6,702,322	115,803	6,586,519	6,023,995
DETAILS OF WRITE-INS				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page .....	.0	.0	.0	.0
1199. Totals (Lines 1101 through 1103 plus 1198)(Line 11 above)	0	0	0	0
2501. Prepaids.....	61,978	.61,978	.0	.0
2502.				
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page .....	.0	.0	.0	.0
2599. Totals (Lines 2501 through 2503 plus 2598)(Line 25 above)	61,978	61,978	0	0

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1	2	3	4
	Covered	Uncovered	Total	Total
1. Claims unpaid (less \$ reinsurance ceded)	2,971,169		2,971,169	1,645,592
2. Accrued medical incentive pool and bonus amounts			0	0
3. Unpaid claims adjustment expenses	108,043		108,043	59,840
4. Aggregate health policy reserves, including the liability of \$ for medical loss ratio rebate per the Public Health Service Act			0	0
5. Aggregate life policy reserves			0	0
6. Property/casualty unearned premium reserves			0	0
7. Aggregate health claim reserves			0	0
8. Premiums received in advance	296,250		296,250	336,642
9. General expenses due or accrued	487,497		487,497	632,337
10.1 Current federal and foreign income tax payable and interest thereon (including \$ on realized capital gains (losses))			0	0
10.2 Net deferred tax liability			0	0
11. Ceded reinsurance premiums payable	98,295		98,295	0
12. Amounts withheld or retained for the account of others	3,121		3,121	3,214
13. Remittances and items not allocated			0	0
14. Borrowed money (including \$ current) and interest thereon \$ (including \$ current)			0	0
15. Amounts due to parent, subsidiaries and affiliates	40,171		40,171	17,057
16. Derivatives			0	0
17. Payable for securities			0	0
18. Payable for securities lending.....			0	0
19. Funds held under reinsurance treaties with (\$ authorized reinsurers and \$ unauthorized reinsurers)			0	0
20. Reinsurance in unauthorized companies			0	0
21. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
22. Liability for amounts held under uninsured plans			0	0
23. Aggregate write-ins for other liabilities (including \$ current)	0	0	0	0
24. Total liabilities (Lines 1 to 23).....	4,004,546	0	4,004,546	2,694,682
25. Aggregate write-ins for special surplus funds	XXX	XXX	0	0
26. Common capital stock	XXX	XXX	312,996	312,996
27. Preferred capital stock	XXX	XXX		0
28. Gross paid in and contributed surplus	XXX	XXX	1,212,873	1,212,873
29. Surplus notes	XXX	XXX	500,000	500,000
30. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
31. Unassigned funds (surplus)	XXX	XXX	556,103	1,303,444
32. Less treasury stock, at cost:				
32.1 shares common (value included in Line 26 \$)	XXX	XXX		0
32.2 shares preferred (value included in Line 27 \$)	XXX	XXX		0
33. Total capital and surplus (Lines 25 to 31 minus Line 32)	XXX	XXX	2,581,972	3,329,313
34. Total liabilities, capital and surplus (Lines 24 and 33)	XXX	XXX	6,586,518	6,023,995
DETAILS OF WRITE-INS				
2301.				
2302.				
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	0	0	0	0
2501.	XXX	XXX		
2502.	XXX	XXX		
2503.	XXX	XXX		
2598. Summary of remaining write-ins for Line 25 from overflow page	XXX	XXX	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	XXX	XXX	0	0
3001.	XXX	XXX		
3002.	XXX	XXX		
3003.	XXX	XXX		
3098. Summary of remaining write-ins for Line 30 from overflow page	XXX	XXX	0	0
3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months.....	XXX	95,233	92,572
2. Net premium income (including \$0 non-health premium income).....	XXX	30,242,994	29,001,934
3. Change in unearned premium reserves and reserve for rate credits	XXX		0
4. Fee-for-service (net of \$276,791 medical expenses)	XXX	325,636	322,388
5. Risk revenue	XXX		0
6. Aggregate write-ins for other health care related revenues	XXX	0	0
7. Aggregate write-ins for other non-health revenues	XXX	0	0
8. Total revenues (Lines 2 to 7)	XXX	30,568,630	29,324,322
Hospital and Medical:			
9. Hospital/medical benefits	127,731	21,359,822	19,588,617
10. Other professional services	69,368	1,797,498	1,902,055
11. Outside referrals			0
12. Emergency room and out-of-area	384,876	1,612,052	1,433,192
13. Prescription drugs		4,358,601	4,221,540
14. Aggregate write-ins for other hospital and medical.....	0	32,742	34,956
15. Incentive pool, withhold adjustments and bonus amounts.....			0
16. Subtotal (Lines 9 to 15)	581,975	29,160,715	27,180,360
Less:			
17. Net reinsurance recoveries		(17,280)	548,097
18. Total hospital and medical (Lines 16 minus 17)	581,975	29,177,995	26,632,263
19. Non-health claims (net).....			0
20. Claims adjustment expenses, including \$0 cost containment expenses.....		306,947	238,499
21. General administrative expenses.....		2,755,292	2,215,167
22. Increase in reserves for life and accident and health contracts (including \$ increase in reserves for life only).....		0	0
23. Total underwriting deductions (Lines 18 through 22)	581,975	32,240,234	29,085,929
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	(1,671,604)	238,393
25. Net investment income earned (Exhibit of Net Investment Income, Line 17).....		332,543	386,667
26. Net realized capital gains (losses) less capital gains tax of \$(1,475).....			0
27. Net investment gains (losses) (Lines 25 plus 26)	0	331,068	386,667
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$) (amount charged off \$)]			0
29. Aggregate write-ins for other income or expenses	0	0	0
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29).....	XXX	(1,340,536)	625,060
31. Federal and foreign income taxes incurred	XXX	(580,702)	(70,395)
32. Net income (loss) (Lines 30 minus 31)	XXX	(759,834)	695,455
DETAILS OF WRITE-INS			
0601.	XXX		
0602.	XXX		
0603.	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	XXX	0	0
0701.	XXX		
0702.	XXX		
0703.	XXX		
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0
0799. Totals (Lines 0701 through 0703 plus 0798) (Line 7 above)	XXX	0	0
1401. Other Medical.....		32,742	34,956
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	0	32,742	34,956
2901.			
2902.			
2903.			
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0	0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	0	0	0

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1	2
	Current Year	Prior Year
CAPITAL AND SURPLUS ACCOUNT:		
33. Capital and surplus prior reporting year	3,329,315	2,602,152
34. Net income or (loss) from Line 32	(759,834)	695,455
35. Change in valuation basis of aggregate policy and claim reserves		0
36. Change in net unrealized capital gains (losses) less capital gains tax of \$		0
37. Change in net unrealized foreign exchange capital gain or (loss)		0
38. Change in net deferred income tax	(28,000)	(303,000)
39. Change in nonadmitted assets	40,493	334,708
40. Change in unauthorized reinsurance	0	0
41. Change in treasury stock	0	0
42. Change in surplus notes	0	0
43. Cumulative effect of changes in accounting principles		0
44. Capital Changes:		
44.1 Paid in	0	0
44.2 Transferred from surplus (Stock Dividend)		0
44.3 Transferred to surplus		0
45. Surplus adjustments:		
45.1 Paid in	0	0
45.2 Transferred to capital (Stock Dividend)	0	0
45.3 Transferred from capital		0
46. Dividends to stockholders		0
47. Aggregate write-ins for gains or (losses) in surplus	0	0
48. Net change in capital and surplus (Lines 34 to 47)	(747,341)	727,163
49. Capital and surplus end of reporting year (Line 33 plus 48)	2,581,974	3,329,315
DETAILS OF WRITE-INS		
4701.		
4702.		
4703.		
4798. Summary of remaining write-ins for Line 47 from overflow page	0	0
4799. Totals (Lines 4701 through 4703 plus 4798) (Line 47 above)	0	0

CASH FLOW

	1 Current Year	2 Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance.....	30,389,950	29,393,135
2. Net investment income.....	327,447	261,965
3. Miscellaneous income.....	325,636	323,419
4. Total (Lines 1 through 3).....	31,043,033	29,978,519
5. Benefit and loss related payments.....	27,551,800	27,749,673
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....		0
7. Commissions, expenses paid and aggregate write-ins for deductions.....	3,153,569	2,740,346
8. Dividends paid to policyholders.....		0
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses).....	(104,879)	(70,395)
10. Total (Lines 5 through 9).....	30,600,490	30,419,624
11. Net cash from operations (Line 4 minus Line 10).....	442,543	(441,105)
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	0	0
12.2 Stocks.....	0	0
12.3 Mortgage loans.....	0	0
12.4 Real estate.....	0	0
12.5 Other invested assets.....	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....	0	264
12.7 Miscellaneous proceeds.....	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	0	264
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	0	0
13.2 Stocks.....	0	0
13.3 Mortgage loans.....	0	0
13.4 Real estate.....	0	0
13.5 Other invested assets.....	0	0
13.6 Miscellaneous applications.....	31,665	78,944
13.7 Total investments acquired (Lines 13.1 to 13.6).....	31,665	78,944
14. Net increase (decrease) in contract loans and premium notes.....	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14).....	(31,665)	(78,680)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes.....	0	0
16.2 Capital and paid in surplus, less treasury stock.....	0	0
16.3 Borrowed funds.....	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....		0
16.5 Dividends to stockholders.....	0	0
16.6 Other cash provided (applied).....	146,965	(211,923)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	146,965	(211,923)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17).....	557,843	(731,708)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	2,730,278	3,461,986
19.2 End of year (Line 18 plus Line 19.1).....	3,288,121	2,730,278

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE Grand Valley Health Plan, Inc.

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1	2	3	4	5	6	7	8	9	10
		Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
	Total									
1. Net premium income	30,242,994	23,750,657	0	0	0	6,492,337	0	0	0	0
2. Change in unearned premium reserves and reserve for rate credit	0									
3. Fee-for-service (net of \$	276,791									
medical expenses)	325,636	265,315				60,321				XXX
4. Risk revenue	0									XXX
5. Aggregate write-ins for other health care related revenues	0	0	0	0	0	0	0	0	0	XXX
6. Aggregate write-ins for other non-health care related revenues	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
7. Total revenues (Lines 1 to 6)	30,568,630	24,015,972	0	0	0	6,552,658	0	0	0	0
8. Hospital/medical benefits	21,359,822	17,403,120				3,956,702				XXX
9. Other professional services	1,797,498	1,464,529				332,969				XXX
10. Outside referrals	0									XXX
11. Emergency room and out-of-area	1,612,052	1,313,435				298,617				XXX
12. Prescription drugs	4,358,601	3,551,212				807,389				XXX
13. Aggregate write-ins for other hospital and medical	32,742	26,677	0	0	0	6,065	0	0	0	XXX
14. Incentive pool, withhold adjustments and bonus amounts	0									XXX
15. Subtotal (Lines 8 to 14)	29,160,715	23,758,973	0	0	0	5,401,742	0	0	0	XXX
16. Net reinsurance recoveries	(17,280)	(17,280)				0				XXX
17. Total hospital and medical (Lines 15 minus 16)	29,177,995	23,776,253	0	0	0	5,401,742	0	0	0	XXX
18. Non-health claims (net)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
19. Claims adjustment expenses including \$	0									
cost containment expenses	306,947	250,088				56,859				
20. General administrative expenses	2,755,292	2,244,901				510,391				
21. Increase in reserves for accident and health contracts	0									XXX
22. Increase in reserves for life contracts	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
23. Total underwriting deductions (Lines 17 to 22)	32,240,234	26,271,242	0	0	0	5,968,992	0	0	0	0
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	(1,671,604)	(2,255,270)	0	0	0	583,666	0	0	0	0
DETAILS OF WRITE-INS										
0501.										XXX
0502.										XXX
0503.										XXX
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0	0	0	0	0	0	0	XXX
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0	XXX
0601.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0602.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0603.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0698. Summary of remaining write-ins for Line 6 from overflow page	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
1301. Other Medical	32,742	26,677				6,065				XXX
1302.										XXX
1303.										XXX
1398. Summary of remaining write-ins for Line 13 from overflow page	0	0	0	0	0	0	0	0	0	XXX
1399. Totals (Lines 1301 through 1303 plus 1398) (Line 13 above)	32,742	26,677	0	0	0	6,065	0	0	0	XXX

UNDERWRITING AND INVESTMENT EXHIBIT
PART 1 - PREMIUMS

	1	2	3	4
Line of Business	Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Cols. 1+2-3)
1. Comprehensive (hospital and medical)	24,218,187		467,530	23,750,657
2. Medicare Supplement .....				.0
3. Dental only.....				.0
4. Vision only.....				.0
5. Federal Employees Health Benefits Plan	6,598,633		106,296	6,492,337
6. Title XVIII - Medicare .....				.0
7. Title XIX - Medicaid.....				.0
8. Other health.....				.0
9. Health subtotal (Lines 1 through 8)	30,816,820	0	573,826	30,242,994
10. Life .....				.0
11. Property/casualty.....				.0
12. Totals (Lines 9 to 11)	30,816,820	0	573,826	30,242,994

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2011 OF THE Grand Valley Health Plan, Inc.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - CLAIMS INCURRED DURING THE YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Payments during the year:										
1.1 Direct	28,032,046	20,669,160				7,362,886				
1.2 Reinsurance assumed	0									
1.3 Reinsurance ceded	179,628	179,628								
1.4 Net	27,852,418	20,489,532	0	0	0	7,362,886	0	0	0	0
2. Paid medical incentive pools and bonuses	0									
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	2,971,169	2,171,584	0	0	0	799,585	0	0	0	0
3.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
3.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
3.4 Net	2,971,169	2,171,584	0	0	0	799,585	0	0	0	0
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct	0									
4.2 Reinsurance assumed	0									
4.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	
4.4 Net	0	0	0	0	0	0	0	0	0	0
5. Accrued medical incentive pools and bonuses, current year	0									
6. Net healthcare receivables (a)	196,908	(2,157,420)				2,354,328				
7. Amounts recoverable from reinsurers December 31, current year	0									
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	1,645,592	1,239,191	0	0	0	406,401	0	0	0	0
8.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
8.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
8.4 Net	1,645,592	1,239,191	0	0	0	406,401	0	0	0	0
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct	0	0	0	0	0	0	0	0	0	0
9.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
9.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
9.4 Net	0	0	0	0	0	0	0	0	0	0
10. Accrued medical incentive pools and bonuses, prior year	0	0	0	0	0	0	0	0	0	0
11. Amounts recoverable from reinsurers December 31, prior year	196,908	196,908	0	0	0	0	0	0	0	0
12. Incurred benefits:										
12.1 Direct	29,160,715	23,758,973	0	0	0	5,401,742	0	0	0	0
12.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
12.3 Reinsurance ceded	(17,280)	(17,280)	0	0	0	0	0	0	0	0
12.4 Net	29,177,995	23,776,253	0	0	0	5,401,742	0	0	0	0
13. Incurred medical incentive pools and bonuses	0	0	0	0	0	0	0	0	0	0

(a) Excludes \$ loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan Premium	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in Process of Adjustment:										
1.1 Direct	2,153,952	1,505,379				648,573				
1.2 Reinsurance assumed	0									
1.3 Reinsurance ceded	0									
1.4 Net	2,153,952	1,505,379	0	0	0	648,573	0	0	0	0
2. Incurred but Unreported:										
2.1 Direct	817,217	666,205				151,012				
2.2 Reinsurance assumed	0									
2.3 Reinsurance ceded	0									
2.4 Net	817,217	666,205	0	0	0	151,012	0	0	0	0
3. Amounts Withheld from Paid Claims and Capitations:										
3.1 Direct	0									
3.2 Reinsurance assumed	0									
3.3 Reinsurance ceded	0									
3.4 Net	0	0	0	0	0	0	0	0	0	0
4. TOTALS:										
4.1 Direct	2,971,169	2,171,584	0	0	0	799,585	0	0	0	0
4.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
4.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
4.4 Net	2,971,169	2,171,584	0	0	0	799,585	0	0	0	0

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2B - ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability Dec. 31 of Current Year		5 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year		
1. Comprehensive (hospital and medical)	1,464,895	19,024,637	1,766	2,169,818	1,466,661	1,239,191
2. Medicare Supplement .....					.0	.0
3. Dental Only.....					.0	.0
4. Vision Only.....					.0	.0
5. Federal Employees Health Benefits Plan	357,527	7,005,359	603	798,982	358,130	406,401
6. Title XVIII - Medicare .....					.0	.0
7. Title XIX - Medicaid.....					.0	.0
8. Other health .....					.0	.0
9. Health subtotal (Lines 1 to 8).....	1,822,422	26,029,996	2,369	2,968,800	1,824,791	1,645,592
10. Healthcare receivables (a).....					.0	.0
11. Other non-health.....					.0	.0
12. Medical incentive pools and bonus amounts .....					.0	.0
13. Totals (Lines 9 - 10 + 11 + 12)	1,822,422	26,029,996	2,369	2,968,800	1,824,791	1,645,592

(a) Excludes \$loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(000 Omitted)

Section A – Paid Health Claims - Hospital and Medical

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2007	2 2008	3 2009	4 2010	5 2011
1. Prior	137,446	137,499	137,499	137,499	137,499
2. 2007.....	23,921	26,397	26,397	26,397	26,397
3. 2008.....	XXX	21,983	23,399	23,400	23,400
4. 2009.....	XXX	XXX	18,754	19,881	19,883
5. 2010.....	XXX	XXX	XXX	19,585	21,048
6. 2011.....	XXX	XXX	XXX	XXX	19,025

Section B – Incurred Health Claims - Hospital and Medical

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2007	2 2008	3 2009	4 2010	5 2011
1. Prior	153,551	153,602	153,602	153,602	153,602
2. 2007.....	26,097	28,573	28,573	28,573	28,573
3. 2008.....	XXX	24,644	26,060	26,061	26,061
4. 2009.....	XXX	XXX	20,630	21,758	21,759
5. 2010.....	XXX	XXX	XXX	20,824	22,289
6. 2011.....	XXX	XXX	XXX	XXX	21,195

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Hospital and Medical

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 Col. (3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 Col. (5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 Col. (9/1) Percent
1. 2007.....	26,597	26,397	189	0.7	26,586	100.0			26,586	100.0
2. 2008.....	23,823	23,400	179	0.8	23,579	99.0			23,579	99.0
3. 2009.....	21,402	19,883	143	0.7	20,026	93.6			20,026	93.6
4. 2010.....	22,376	21,048	194	0.9	21,242	94.9			21,242	94.9
5. 2011.....	23,751	19,025	250	1.3	19,275	81.2	2,170	79	21,524	90.6

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(000 Omitted)

Section A – Paid Health Claims - Federal Employees Health Benefits Plan Premium

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2007	2 2008	3 2009	4 2010	5 2011
1. Prior	19,618	19,630	19,630	19,630	19,630
2. 2007.....	5,687	6,216	6,216	6,216	6,216
3. 2008.....	XXX	5,241	5,749	5,750	5,750
4. 2009.....	XXX	XXX	7,081	7,513	7,514
5. 2010.....	XXX	XXX	XXX	6,424	6,781
6. 2011.....	XXX	XXX	XXX	XXX	7,005

Section B - Incurred Health Claims - Federal Employees Health Benefits Plan Premium

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2007	2 2008	3 2009	4 2010	5 2011
1. Prior	21,917	21,929	21,929	21,929	21,929
2. 2007.....	6,204	6,733	6,733	6,733	6,733
3. 2008.....	XXX	5,875	6,383	6,384	6,384
4. 2009.....	XXX	XXX	7,789	8,222	8,222
5. 2010.....	XXX	XXX	XXX	6,830	7,187
6. 2011.....	XXX	XXX	XXX	XXX	7,804

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Federal Employees Health Benefits Plan Premium

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 Col. (3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 Col. (5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 Col. (9/1) Percent
1. 2007.....	6,324	6,216	45	0.7	6,261	99.0			6,261	99.0
2. 2008.....	6,211	5,750	44	0.8	5,794	93.3			5,794	93.3
3. 2009.....	6,553	7,514	54	0.7	7,568	115.5			7,568	115.5
4. 2010.....	6,626	6,781	64	0.9	6,845	103.3			6,845	103.3
5. 2011.....	6,492	7,005	57	0.8	7,062	108.8	799	29	7,890	121.5

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(000 Omitted)

Section A - Paid Health Claims - Grand Total

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2007	2 2008	3 2009	4 2010	5 2011
1. Prior	157,064	157,129	157,129	157,129	157,129
2. 2007.....	29,608	32,613	32,613	32,613	32,613
3. 2008.....	XXX	27,224	29,148	29,150	29,150
4. 2009.....	XXX	XXX	25,835	27,394	27,397
5. 2010.....	XXX	XXX	XXX	26,009	27,829
6. 2011.....	XXX	XXX	XXX	XXX	26,030

Section B - Incurred Health Claims - Grand Total

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2007	2 2008	3 2009	4 2010	5 2011
1. Prior	175,468	175,531	175,531	175,531	175,531
2. 2007.....	32,301	35,306	35,306	35,306	35,306
3. 2008.....	XXX	30,519	32,443	32,445	32,445
4. 2009.....	XXX	XXX	28,419	29,980	29,981
5. 2010.....	XXX	XXX	XXX	27,654	29,476
6. 2011.....	XXX	XXX	XXX	XXX	28,999

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Grand Total

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 Col. (3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 Col. (5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 Col. (9/1) Percent
1. 2007.....	32,921	32,613	234	0.7	32,847	99.8	0	0	32,847	99.8
2. 2008.....	30,034	29,150	223	0.8	29,373	97.8	0	0	29,373	97.8
3. 2009.....	27,955	27,397	197	0.7	27,594	98.7	0	0	27,594	98.7
4. 2010.....	29,002	27,829	258	0.9	28,087	96.8	0	0	28,087	96.8
5. 2011.....	30,243	26,030	307	1.2	26,337	87.1	2,969	108	29,414	97.3

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS ONLY

	1	2	3	4	5	6	7	8	9
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other
1. Unearned premium reserves .....	.0								
2. Additional policy reserves (a) .....	.0								
3. Reserve for future contingent benefits .....	.0								
4. Reserve for rate credits or experience rating refunds (including \$ for investment income) .....	.0								
5. Aggregate write-ins for other policy reserves .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
6. Totals (gross) .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
7. Reinsurance ceded .....	.0								
8. Totals (Net) (Page 3, Line 4) .....	.0			.0	.0	.0	.0	.0	.0
9. Present value of amounts not yet due on claims .....	.0								
10. Reserve for future contingent benefits .....	.0								
11. Aggregate write-ins for other claim reserves .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
12. Totals (gross) .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
13. Reinsurance ceded .....	.0								
14. Totals (Net) (Page 3, Line 7)	0	0	0	0	0	0	0	0	0
DETAILS OF WRITE-INS									
0501.									
0502.									
0503.									
0598. Summary of remaining write-ins for Line 5 from overflow page .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0
1101.									
1102.									
1103.									
1198. Summary of remaining write-ins for Line 11 from overflow page .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above) .....	.0	.0	.0	.0	.0	.0	.0	.0	.0

(a) Includes \$ premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3 General Administrative Expenses	4 Investment Expenses	5 Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
1. Rent (\$for occupancy of own building).....			274,926		274,926
2. Salaries, wages and other benefits.....		126,398	690,444		816,842
3. Commissions (less \$ceded plus \$assumed.....					0
4. Legal fees and expenses.....			14,771		14,771
5. Certifications and accreditation fees.....					0
6. Auditing, actuarial and other consulting services.....			94,417		94,417
7. Traveling expenses.....		1,903	5,515		7,418
8. Marketing and advertising.....			1,059,439		1,059,439
9. Postage, express and telephone.....		92	33,288		33,380
10. Printing and office supplies.....		1,058	13,717		14,775
11. Occupancy, depreciation and amortization.....			107,527		107,527
12. Equipment.....					0
13. Cost or depreciation of EDP equipment and software.....			6,924		6,924
14. Outsourced services including EDP, claims, and other services.....		168,691	77,514		246,205
15. Boards, bureaus and association fees.....			9,187		9,187
16. Insurance, except on real estate.....			9,104		9,104
17. Collection and bank service charges.....			46,890		46,890
18. Group service and administration fees.....			14,566		14,566
19. Reimbursements by uninsured plans.....					0
20. Reimbursements from fiscal intermediaries.....					0
21. Real estate expenses.....					0
22. Real estate taxes.....					0
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes.....					0
23.2 State premium taxes.....					0
23.3 Regulatory authority licenses and fees.....					0
23.4 Payroll taxes.....		8,805	44,044		52,849
23.5 Other (excluding federal income and real estate taxes).....			253,019		253,019
24. Investment expenses not included elsewhere.....					0
25. Aggregate write-ins for expenses.....	0	0	0	0	0
26. Total expenses incurred (Lines 1 to 25).....	0	306,947	2,755,292	0	(a).....3,062,239
27. Less expenses unpaid December 31, current year.....		108,043	487,497		595,540
28. Add expenses unpaid December 31, prior year.....	0	59,840	632,337	0	692,177
29. Amounts receivable relating to uninsured plans, prior year.....	0	0	0	0	0
30. Amounts receivable relating to uninsured plans, current year.....					0
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	0	258,744	2,900,132	0	3,158,876
DETAIL OF WRITE-INS					
2501.					
2502.					
2503.					
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0	0	0
2599. Totals (Line 2501 through 2503 + 2598)(Line 25 above)	0	0	0	0	0

(a) Includes management fees of \$636,288 to affiliates and \$to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. Government bonds	(a) .....	.....
1.1	Bonds exempt from U.S. tax	(a) .....	.....
1.2	Other bonds (unaffiliated)	(a) .....	.....
1.3	Bonds of affiliates	(a) .....0	.....
2.1	Preferred stocks (unaffiliated)	(b) .....0	.....
2.11	Preferred stocks of affiliates	(b) .....0	.....
2.2	Common stocks (unaffiliated) .....	.....0	.....
2.21	Common stocks of affiliates .....	.....0	.....
3.	Mortgage loans	(c) .....	.....
4.	Real estate	(d) .....176,547	.....176,547
5.	Contract loans .....	.....	.....
6.	Cash, cash equivalents and short-term investments	(e) .....0	.....855
7.	Derivative instruments	(f) .....	.....
8.	Other invested assets .....	.....150,900	.....181,879
9.	Aggregate write-ins for investment income .....	.....0	.....0
10.	Total gross investment income	327,447	359,281
11.	Investment expenses		(g)
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g)
13.	Interest expense		(h)
14.	Depreciation on real estate and other invested assets		(i) .....26,738
15.	Aggregate write-ins for deductions from investment income .....		.....0
16.	Total deductions (Lines 11 through 15) .....		.....26,738
17.	Net investment income (Line 10 minus Line 16)		332,543
DETAILS OF WRITE-INS			
0901.	.....	.....	.....
0902.	.....	.....	.....
0903.	.....	.....	.....
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....0	.....0
0999.	Totals (Lines 0901 through 0903) plus 0998 (Line 9 above)	0	0
1501.	.....	
1502.	.....	
1503.	.....	
1598.	Summary of remaining write-ins for Line 15 from overflow page .....		.....0
1599.	Totals (Lines 1501 through 1503) plus 1598 (Line 15 above)		0

- (a) Includes \$accrual of discount less \$amortization of premium and less \$0 paid for accrued interest on purchases.
- (b) Includes \$accrual of discount less \$amortization of premium and less \$0 paid for accrued dividends on purchases.
- (c) Includes \$0 accrual of discount less \$0 amortization of premium and less \$paid for accrued interest on purchases.
- (d) Includes \$for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.
- (e) Includes \$accrual of discount less \$amortization of premium and less \$paid for accrued interest on purchases.
- (f) Includes \$accrual of discount less \$amortization of premium.
- (g) Includes \$investment expenses and \$investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$interest on surplus notes and \$ interest on capital notes.
- (i) Includes \$depreciation on real estate and \$ depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4	5.
		Realized Gain (Loss) On Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. Government bonds .....			.....0		
1.1	Bonds exempt from U.S. tax .....			.....0		
1.2	Other bonds (unaffiliated) .....			.....0		
1.3	Bonds of affiliates .....	.....0	.....0	.....0	.....0	.....0
2.1	Preferred stocks (unaffiliated) .....	.....0	.....0	.....0	.....0	.....0
2.11	Preferred stocks of affiliates .....	.....0	.....0	.....0	.....0	.....0
2.2	Common stocks (unaffiliated) .....	.....0	.....0	.....0	.....0	.....0
2.21	Common stocks of affiliates .....	.....0	.....0	.....0	.....0	.....0
3.	Mortgage loans .....	.....0	.....0	.....0	.....0	.....0
4.	Real estate .....	.....0	.....0	.....0		.....0
5.	Contract loans .....			.....0		
6.	Cash, cash equivalents and short-term investments .....			.....0	.....855	.....0
7.	Derivative instruments .....			.....0		
8.	Other invested assets .....	.....0	.....0	.....0	.....0	.....0
9.	Aggregate write-ins for capital gains (losses)	(1,475)	.....0	(1,475)	.....0	.....0
10.	Total capital gains (losses)	(1,475)	0	(1,475)	855	0
DETAILS OF WRITE-INS						
0901.	Abandonment of FF&E	(1,475)		(1,475)		
0902.	.....				
0903.	.....				
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....0	.....0	.....0	.....0	.....0
0999.	Totals (Lines 0901 through 0903) plus 0998 (Line 9 above)	(1,475)	0	(1,475)	0	0

EXHIBIT OF NONADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....	0	0	0
2. Stocks (Schedule D):			
2.1 Preferred stocks	0	0	0
2.2 Common stocks	0	0	0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens	0	0	0
3.2 Other than first liens	0	0	0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company	0	0	0
4.2 Properties held for the production of income.....	0	0	0
4.3 Properties held for sale	0	0	0
5. Cash (Schedule E - Part 1), cash equivalents (Schedule E - Part 2) and short-term investments (Schedule DA).....	0	0	0
6. Contract loans	0	0	0
7. Derivatives (Schedule DB).....	0	0	0
8. Other invested assets (Schedule BA)	0	0	0
9. Receivables for securities	0	0	0
10. Securities lending reinvested collateral assets (Schedule DL)	0	0	0
11. Aggregate write-ins for invested assets	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	0	0	0
13. Title plants (for Title insurers only).....	0	0	0
14. Investment income due and accrued	0	0	0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection	0	0	0
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....	0	0	0
15.3 Accrued retrospective premiums	0	0	0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers	0	0	0
16.2 Funds held by or deposited with reinsured companies	0	0	0
16.3 Other amounts receivable under reinsurance contracts	0	0	0
17. Amounts receivable relating to uninsured plans	0	0	0
18.1 Current federal and foreign income tax recoverable and interest thereon	0	0	0
18.2 Net deferred tax asset.....	50,470	10,877	(39,593)
19. Guaranty funds receivable or on deposit	0	0	0
20. Electronic data processing equipment and software	0	0	0
21. Furniture and equipment, including health care delivery assets.....	1,954	4,920	2,966
22. Net adjustment in assets and liabilities due to foreign exchange rates	0	0	0
23. Receivables from parent, subsidiaries and affiliates	0	0	0
24. Health care and other amounts receivable.....	1,401	0	(1,401)
25. Aggregate write-ins for other than invested assets	61,978	140,499	78,521
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	115,803	156,296	40,493
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
28. Total (Lines 26 and 27)	115,803	156,296	40,493
DETAILS OF WRITE-INS			
1101.			
1102.			
1103.			
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198)(Line 11 above)	0	0	0
2501. Prepaid Insurance & Prepaid Capitation	61,978	140,499	78,521
2502.			
2503.			
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598)(Line 25 above)	61,978	140,499	78,521

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health Maintenance Organizations.....	7,882	7,769	7,983	8,094	7,852	94,360
2. Provider Service Organizations.....	.0					
3. Preferred Provider Organizations.....	.0					
4. Point of Service.....	.71	.71	.75	.72	.73	.873
5. Indemnity Only.....	.0					
6. Aggregate write-ins for other lines of business	0	0	0	0	0	0
7. Total	7,953	7,840	8,058	8,166	7,925	95,233
DETAILS OF WRITE-INS						
0601.						
0602.						
0603.						
0698. Summary of remaining write-ins for Line 6 from overflow page .....	.0	.0	.0	.0	.0	.0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	0	0	0	0	0	0

NOTES TO FINANCIAL STATEMENTS

Statement for the Year Ended 12/31/2011 – Grand Valley Health Plan NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

- A. Accounting Practices – The accompanying financial statements have been prepared in conformity with the NAIC Annual Statement Instructions and Accounting Practices and Procedures Manual (SSAP's) for health organizations except to the extent that state requirements differ.
- B. Use of Estimates – In conformity with the NAIC Annual Statement Instructions and Accounting Practices and Procedures Manual (SSAP's), the preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. These estimates and assumptions may change in the near future resulting in different actual results. Estimates that are most susceptible to change in the near term are accounts receivable and the liability for unpaid and unreported claims.

C. Accounting Policy

Investments (Contingency Reserve) – Pursuant to requirements of the Commissioner of Insurance for the State of Michigan, Grand Valley Health Plan executed a trust indenture. The trust is established to provide for the payment of medical services in the event Grand Valley Health Plan is unable to make payment. The agreement requires trust assets to be a minimum of \$1,000,000. The trust account met or exceeded funding requirements, as specified in the agreement. The trust invests principally in government money market funds, is stated at fair market value, and is included in cash and cash equivalents.

Accounts Receivable – This category represents charges to employer groups and individuals, primarily on open account. Adjustments to customer accounts are made to estimate net realizable amounts with appropriate charges to premium revenues.

Inventories – Inventories consist of pharmaceuticals and are stated at cost (first-in, first-out method).

Property and Equipment – Depreciable assets are stated at cost. Depreciation is generally computed using the straight-line method over the estimated useful lives of the depreciable assets except for Health Care Delivery assets which are depreciated over a period not to exceed three years in accordance with SSAP 73, and EDP Equipment and Operating System Software which also do not exceed three years per SSAP 79. Non-Operating software is depreciated over the lesser of its useful life or five years per SSAP 79. If not limited by the aforementioned SSAP, the estimated useful lives are listed as follows:

Building and land improvements	5 - 40 years
Medical equipment	5 - 7 years
Office furniture and equipment	5 - 7 years
Electronic data processing equipment	3 - 5 years

These assets are reviewed for impairment when events indicate that the carrying amount may not be recoverable.

Premiums – member premiums are recorded as revenues in the month that members are entitled to services. Premiums collected in advance are recorded as Premiums Received in Advance.

Related Party Transactions – The Company is related with other entities through common ownership and management (see note 10).

Employee Benefit Plans –The Company participates in the parent company's Employee Stock Ownership Plan (ESOP) and 401(k) plans (see note 12). The Company maintains a profit sharing plan and there were no profit sharing contributions to the plan in the period.

NOTES TO FINANCIAL STATEMENTS

Income Taxes – The Company records income tax expense based on the amount of current taxes plus deferred taxes computed based on the expected future tax consequences of temporary differences between the carrying amounts and tax basis of assets and liabilities, using enacted tax rates. Under the statutory basis of accounting some of these deferred assets are considered non-admitted assets and therefore are excluded. The Company is included in the Grand Valley Health Corporation parent company consolidated tax return (see note 9).

In addition, the company uses the following accounting policies:

- 1) Short-term Investments – This category includes deposits in financial institutions and short-term investments with maturities of less than 12 months from the date of acquisition.
- 2) Bonds – None to report.
- 3) Common Stock and Additional Paid in Capital – stated at cost.
- 4) Preferred Stock – None to report.
- 5) Mortgage Loans (Valuation Basis) – None to report.
- 6) Securities (Loan-Backed) – None to report.
- 7) Investment in Subsidiaries – None to report
- 8) Investment in Joint Ventures, partnerships and LLC's – Other Invested Assets consists of a 30% interest in Leonard Street, LLC. Leonard Street, LLC operates and maintains the building used by Grand Valley Health Plan Radiology, Grand Valley Health Plan Pharmacy, Grand Valley Health Plan Beckwith Family Practice, Grand Valley Health Plan Urgent Care, Grand Valley Health Center OB Center, Grand Valley Surgical Center, LLC, and Orthopaedic Associates of Grand Rapids, PC. The Company accounts for its investment using the equity method of accounting.
- 9) Derivatives – None to report.
- 10) Premium Deficiency – None to report.
- 11) Liabilities for Claims and Claim Adjustment Expenses – Health care costs are accrued as services are rendered, and include fees to physicians, hospitals, pharmacies and other providers for continuing medical care, and payments made on individual claims for which services have been performed including estimates of services performed which have not yet been reported. The reserves for incurred but not reported claims are to cover this estimated medical cost. Claims unpaid and unpaid adjustment expenses include amounts determined from individual case estimates, claim reports, and an amount for claims incurred but not reported based on past experience. Subsequent actual claim experience will differ from the estimated liability due to variances in estimated and actual member utilization of health care services, the amount of charges, and other factors. While management believes the amount to be adequate, the ultimate liability may be in excess of or less than the amount estimated in these financial statements. The Company limits a portion of their liability through stop-loss insurance. The methods for making estimates and for establishing the claims adjustment expense reserve are continually reviewed and any adjustments are reflected as determined in the periodic financial statements.
- 12) Capitalization policy – The Company has not modified its capitalization policy from the prior year.
- 13) Pharmaceutical rebate receivables are not estimated as they are generally not admitted and therefore not material.

2. Accounting Changes and Corrections of Errors – None to report.

NOTES TO FINANCIAL STATEMENTS

3. Business Combinations and Goodwill – None to report.
4. Discontinued Operations – None to report.
5. Investments

A. Mortgage Loans – None to report.

B. Debt Restructuring – None to report.

C. Reverse Mortgages – None to report.

D. Loan-Backed Securities – None to report.

E. Repurchase Agreements – None to report.

F. Real Estate - The Company continues to own one of its six health centers located in Wyoming, Michigan a suburb of Grand Rapids, Michigan.

G. Low-Income Housing Tax Credits – None to report.
6. Joint Ventures, Partnerships and Limited Liability Companies – There are no investments that exceeded 10% of the admitted assets of the Company and there are no impaired investments.
7. Investment Income – None to report.
8. Derivatives – None to report.
9. Income Taxes

A. The components of the net deferred tax asset recognized in the Company’s Assets, Liabilities, Surplus and Other Funds are as follows:

	Dec 31, 2011	Dec 31, 2010
1) Total of gross deferred tax assets	\$285,000	\$313,000
2) Total of deferred tax liabilities	<u>0</u>	<u>0</u>
3) Net deferred tax asset	285,000	313,000
4) Deferred tax asset non-admitted	<u>(50,470)</u>	<u>(10,877)</u>
5) Net admitted deferred tax asset	234,530	302,123
6) (Increase)decrease in non-admitted asset	\$ 39,593	\$369,477

The company is not electing to admit DTA's pursuant to paragraph10.e. SSAP No. 10R, Income Taxes - A Temporary Replacement of SSAP No. 10.

B. Deferred Tax Liabilities – None to report.

C. Current income taxes incurred consist of the following major components:

	Dec 31, 2011	Dec 31, 2010
Federal income taxes	\$(475,823)	\$(70,395)
2010 FIT True-up	<u>\$(104,879)</u>	<u>\$ 0</u>
Total Current Income Taxes	\$(580,702)	\$(70,395)

The main components of the deferred tax amounts and changes therein are as follows:

Deferred tax assets:	Dec 31, 2011	Dec 31, 2010	Change
Accrued Vacation	\$ 45,000	\$ 47,000	\$ (2,000)
IBNR not pd at 3-15-xx	197,000	206,000	(9,000)
NOL;s remaining	0	3,000	(3,000)
NTV vs NBV fixed assets	<u>43,000</u>	<u>57,000</u>	<u>(14,000)</u>
Total deferred tax assets	285,000	313,000	(28,000)
Nonadmitted deferred tax assets	<u>(50,470)</u>	<u>(10,877)</u>	<u>(39,593)</u>
Admitted deferred tax assets	\$234,530	\$ 302,123	\$(67,593)

D. The provision for federal income taxes incurred is different from that which would be obtained by applying the statutory Federal income tax rate to income before income taxes. The significant items causing this difference are as follows:

	Dec 31, 2011	Effective Tax Rate
Provision computed at statutory rate	\$(456,000)	(34.0)%
add'l deduction IBNR pd by 3-15	(23,032)	(1.7)

NOTES TO FINANCIAL STATEMENTS

2010 FIT true-up add'l tax benefit	(104,879)	(7.8)
Nondeductible items	<u>3,209</u>	<u>.2</u>
Total	<u>\$(580,702)</u>	<u>(43.3)%</u>
Federal income taxes incurred	\$(552,702)	(41.2)%
Change in deferred tax	<u>(28,000)</u>	<u>(2.1)</u>
Total statutory income taxes	<u>\$(580,702)</u>	<u>(43.3)%</u>

E. There are no NOL carryforwards available to offset future taxable income.

F. The company's federal income tax return is consolidated as follows:

- 1) The entities that are consolidated for federal income tax purposes are Grand Valley Health Plan, Inc., Grand Valley Health Management Inc., Grand Valley Health Facilities Inc., Grand Valley Technology Services, LLC, and Grand Valley Health Corporation.
- 2) These entities have agreed that the amount of a consolidated NOL that is attributable to a Member is determined by a fraction, the numerator of which is the separate NOL of the Member and the denominator of which is the sum of the separate NOL's of all other Members. For this purpose, the separate NOL of a Member is determined by computing the consolidated NOL by taking into account only the Member's items of income, gain, deduction, and loss, including the Member's losses and deductions actually absorbed by the group in the taxable year.

10. Information Concerning Parent, Subsidiaries, and Affiliates

- A. Grand Valley Health Plan, Inc. is a wholly owned subsidiary of Grand Valley Health Corporation. Grand Valley Health Facilities, Inc. is a wholly owned subsidiary of Grand Valley Health Corporation and primarily manages buildings utilized by Grand Valley Health Plan. Grand Valley Health Management is a wholly owned subsidiary of Grand Valley Health Corporation. Grand Valley Surgical Center, LLC is partially owned by Grand Valley Health Management (54%) and Grand Valley Health Corporation (31%). Grand Valley Technology Services, LLC is 68% owned by Grand Valley Health Corporation and 32% owned by other investors. All of the above relationships are based upon arms length transactions.
- B. Any above mentioned Grand Valley Company may occasionally pay general accounts payable where a portion of the expense is appropriately charged to one of the other members of the holding company, and any above-mentioned Grand Valley company (except the Grand Valley Surgical Center) may be subject to the effect of the tax allocation agreement described in footnote 9. All charges are generally approved and settled by the corresponding entity typically within 30 days.
- C. The total recurring charges due to Grand Valley Health Plan in 2011 for the transactions in letter F below were \$230,784 – Grand Valley Health Corp. \$21,996 – Grand Valley Health Management \$0 – Grand Valley Health Facilities \$176,148 – Grand Valley Technology Services \$14,640 - Grand Valley Surgical Center \$18,000. The total recurring charges due from Grand Valley Health Plan in 2011 for the transactions in letter F below were \$3,122,839 - Grand Valley Health Corporation \$636,288 – Grand Valley Health Management \$0 – Grand Valley Health Facilities \$1,500,882 – Grand Valley Technology Services LLC \$985,669 - Grand Valley Surgical Center, LLC \$0.
- D. At Dec 31, 2011 receivables from affiliates totaled \$21,702 as follows: Grand Valley Health Corporation - \$11,104, Grand Valley Health Management - \$182, Grand Valley Health Facilities - \$0, Grand Valley Technology Services – \$7,225 and Grand Valley Surgical Center - \$3,191. At Dec 31, 2011 net liabilities from affiliates totaled \$40,171 as follows: Grand Valley Health Corporation - \$37,285, Grand Valley Health Management - \$0, Grand Valley Health Facilities - \$0, Grand Valley Technology Services \$2,886 and Grand Valley Surgical Center, LLC \$0.
- E. Guarantees - None to report.
- F. Grand Valley Health Plan, Inc. under agreement pays Grand Valley Health Corporation for management services primarily for the Chief Executive Officer and staff, the Financial staff,

NOTES TO FINANCIAL STATEMENTS

and the Corporate Human Resources department. Grand Valley Health Plan pays Grand Valley Health Facilities for rental and other facility related expense reimbursements. Grand Valley Health Plan under agreement charged Grand Valley Surgical Center, LLC administrative (credentialing) and pharmacy services. Grand Valley Technology Services provides technology solutions to Grand Valley Health Plan for its insurance and medical management practices.

G. Grand Valley Health Plan, Inc. is a wholly owned subsidiary of Grand Valley Health Corporation a holding company, domiciled in the State of Michigan.

H. None.

I. Grand Valley Health Plan, Inc. owns a 30% interest in Leonard Street, LLC, whose carrying value is equal to or exceeds 10% of the admitted assets of Grand Valley Health Plan, Inc. The company accounts for its investment using the equity method of accounting.

Based on Grand Valley Health Plan Inc.'s ownership percentage of Leonard Street, LLC, the statement value of Leonard Street, LLC assets and liabilities as of Dec 31, 2011 were \$2,599,238 and \$1,619,542, respectively.

Grand Valley Health Plan, Inc.'s share of net income of Leonard Street, LLC was \$184,276 for the twelve months ended Dec 31, 2011.

J. Grand Valley Health Plan, Inc. did not recognize any impairment write down for its investments in Subsidiary, Controlled or Affiliated Companies during the statement period.

K. None.

L. None.

11. Debt – None to report.

12. Retirement Plans, Deferred Compensation, Post-retirement Benefits, and Compensated Absences and Other Post-retirement Benefits Plans - The Company participates in an Employee Stock Ownership Plan (ESOP) covering substantially all employees of the Company that meet eligibility requirements. The Plan invests primarily in the common stock of its parent company, Grand Valley Health Corporation. The Company accrued ESOP contributions of \$327,602 during 2011. The Company maintains a 401(k) plan that provides for matching contributions per Board discretion. The Company accrued 401(k) plan matching contributions of \$41,313 during 2011. There are no deferred compensation plans and no other post-retirement plans. Compensated absences are accrued to cover unused vested vacation days.

13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations

- 1) The company has 400,000 shares of Common Stock authorized, 312,996 shares issued and outstanding. The par value is \$1.00, coupled with Additional Paid-in-Capital of \$1,212,873.
- 2) The Company has no preferred stock outstanding.
- 3) There were no dividend restrictions during the year.
- 4) There were no dividends authorized or paid during the year.
- 5) There were no profits available for dividends.
- 6) There are no restrictions placed on surplus funds except for the Surplus Note.
- 7) The amount of the Surplus Note not repaid is \$500,000.
- 8) There is no stock of the Company held for special purposes.
- 9) There are no special surplus funds other than the Surplus Note that did not change during the year.
- 10) There is no portion of the unassigned surplus funds that has been represented by or reduced for any purpose.
- 11) On February 28, 2001 the Company received an additional \$500,000 in capital from its parent. Principal and interest payments on this Surplus Note shall only be repaid out of the surplus earnings of the Company and with prior written approval of the State of Michigan Department of Consumer and Industry Services, Office of Financial and Insurance Services, Division of Insurance. Interest is at the rate of eight and one-half percent per annum, computed annually and not compounded. Subject to the prior written approval of the Board of Directors of Grand Valley Health Plan and the prior written

NOTES TO FINANCIAL STATEMENTS

approval of the Michigan Insurance Division, interest shall be paid annually from earned surplus until the entire principal amount is paid in full. If Grand Valley Health Plan does not pay interest in any year, the interest shall be non-cumulative and will neither be paid nor accrued for future payment. The surplus note does not have a stated maturity or repayment date. There were no principal and/or interest payments during the period. The surplus note is expressly subordinated to claims of creditors and members of Grand Valley Health Plan and any other priority claims provided by Chapter 81 of the Insurance Code, which provides that surplus notes are at the eighth level of priority. There has not been a quasi-reorganization of the Company.

12) There was no quasi-reorganization.

13) There is no effective date of quasi-reorganization.

14. Contingencies - The Company is periodically involved in professional liability claims arising from its medical practice, which are defended and handled in the ordinary course of business. Management believes there is no liability outstanding. The management does not believe there are any other general liabilities outstanding. The Company is not under investigatory controls of the Michigan Office of Financial and Insurance Services. The Company is in full compliance with prior agreements and orders of the Michigan Office of Financial and Insurance Services.

15. Leases

A. Lessee Operating Leases

- 1) The Company has operating leases for health centers, medical facilities, and an administrative office from various entities, which are considered related parties. These non-cancelable leases contain various renewal options subject to increases in the monthly rental payments. Lease terms expire at various dates through 2013. These leases require the Company to pay all utilities, maintenance and taxes. Total expense amounted to \$1,500,882 as of Dec 31, 2011.

- 2) Future minimum lease payments are as follows:

<u>Year Ending December 31</u>	<u>Operating Leases</u>
2011	\$368,967
2012	350,174
2013	87,543

- 3) The company is not involved in any material sales – leaseback transactions.

B. Lessor Leases – None to report.

16. Information About Financial Instruments With Off-Balance Sheet Risk And Financial Instruments With Concentrations of Credit Risk – None to report.
17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities – None to report.
18. Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans – None to report.
19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators – None to report.
20. Fair Value Measurements - None to report.
21. Other Items – None to report.
22. Events Subsequent – There were no Type I or Type II subsequent events.
23. Reinsurance – The Company limits a portion of its medical claims liability through stop-loss insurance. Under the terms of this agreement, the insurance company will reimburse approximately 90% of the cost of each member's applicable annual services per reinsurance contract in excess of \$250,000, up to a specific annual stop-loss benefit per member of \$2,000,000. At Dec 31, 2011, the Company has recorded a receivable under this agreement in the amount of \$0. There was no uncollectible reinsurance written off during the quarter.
24. Retrospectively Rated Contracts and Contracts Subject to Redetermination – None to report.
25. Change in Incurred Claims and Claim Adjustment Expenses – None to Report.

NOTES TO FINANCIAL STATEMENTS

26. Inter-company Pooling Arrangements – None to report.
27. Structured Settlements – None to report.
28. Health Care Receivables – At Dec 31, 2011 the identified pharmacy rebates recorded as healthcare receivables are \$0.

A. Pharmaceutical Rebate Receivables						
Quarter	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Billed or Otherwise Confirmed	Estimated Pharmacy Rebates for previous 3 months	Actual Rebates Received Within 90 Days of Billing	Actual Rebates Received Within 91 to 180 Days of Billing	Actual Rebates Received More Than 180 Days After Billing
12/31/2011	0	0	0	10,856	915	3,534
9/30/2011	0	0	0	10,851	1,234	6,685
6/30/2011	0	0	0	8,565	11,678	3,658
3/31/2011	0	0	0	0	8,811	820
12/31/2010	0	0	0		8,237	7,531
9/30/2010	0	0	0	9,008	5,530	4,906
6/30/2010	0	0	0	7,907	13,049	54
3/31/2010	0	0	0	7,412	14,927	254
12/31/09	0	0	0	0	6,861	14,545
9/30/2009	0	0	0	0	23,882	1,261
6/30/2009	0	0	0	5,325	7,025	10,263
3/31/2009	0	0	0	6,784	13,954	4,513
*The estimated pharmacy rebates as reported on the financial statements includes confirmed rebates that were actually received within 90 days and an estimate of the previous 3 months filled perscriptions.						
Per SSAP 84.						

29. Participating Policies – None to report.
30. Premium Deficiency Reserves – None to report, per certification from actuary included herein.
31. Anticipated Salvage and Subrogation - None to report.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1

Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes [X] No []
- 1.2

If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes [X] No [] NA []
- 1.3

State Regulating?

Michigan
- 2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes [] No [X]
- 2.2

If yes, date of change:
- 3.1

State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2008
- 3.2

State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2008
- 3.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

04/22/2010
- 3.4

By what department or departments?

Michigan Office of Financial & Insurance Regulation
- 3.5

Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments?

Yes [X] No [] NA []
- 3.6

Have all of the recommendations within the latest financial examination report been complied with?

Yes [X] No [] NA []
- 4.1

During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11

sales of new business?

Yes [] No [X]
- 4.12

renewals?

Yes [] No [X]
- 4.2

During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21

sales of new business?

Yes [] No [X]
- 4.22

renewals?

Yes [] No [X]
- 5.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes [] No [X]
- 5.2

If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile

- 6.1

Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?

Yes [] No [X]
- 6.2

If yes, give full information
- 7.1

Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes [] No [X]
- 7.2

If yes,
- 7.21

State the percentage of foreign control
- 7.22

State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney - in - fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney - in - fact).

1 Nationality	2 Type of Entity

GENERAL INTERROGATORIES

- 8.1

Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes [] No [X]
- 8.2

If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3

Is the company affiliated with one or more banks, thrifts or securities firms?.....

Yes [] No [X]
- 8.4

If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

1	2	3	4	5	6	7
Affiliate Name	Location (City, State)	FRB	OCC	OTS	FDIC	SEC

9.

What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Crowe Horwath LLP, Grand Rapids, Michigan
- 10.1

Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation?.....

Yes [] No [X]
- 10.2

If the response to 10.1 is yes, provide information related to this exemption:
- 10.3

Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation?.....

Yes [] No [X]
- 10.4

If the response to 10.3 is yes, provide information related to this exemption:
- 10.5

Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws?.....

Yes [X] No [] NA []
- 10.6

If the response to 10.5 is no or n/a, please explain
11.

What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?.....

Milliman, Houston, Texas
- 12.1

Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?

Yes [] No [X]
- 12.11

Name of real estate holding company
- 12.12

Number of parcels involved.....
- 12.13

Total book/adjusted carrying value..... \$.....
- 12.2

If yes, provide explanation
13.

FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 13.1

What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
- 13.2

Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?

Yes [] No []
- 13.3

Have there been any changes made to any of the trust indentures during the year?

Yes [] No []
- 13.4

If answer to (13.3) is yes, has the domiciliary or entry state approved the changes?

Yes [] No [] NA []
- 14.1

Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?

Yes [X] No []
- 14.11

Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- 14.12

Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
- 14.13

Compliance with applicable governmental laws, rules and regulations;
- 14.14

The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
- 14.15

Accountability for adherence to the code.
- 14.11

If the response to 14.1 is no, please explain:
- 14.2

Has the code of ethics for senior managers been amended?.....

Yes [] No [X]
- 14.21

If the response to 14.2 is yes, provide information related to amendment(s).
- 14.3

Have any provisions of the code of ethics been waived for any of the specified officers?.....

Yes [] No [X]
- 14.31

If the response to 14.3 is yes, provide the nature of any waiver(s).

GENERAL INTERROGATORIES

- 25.1

Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.3)

Yes ☒ No ☐
- 25.2

If yes, state the amount thereof at December 31 of the current year:

25.21

Subject to repurchase agreements

\$

25.22

Subject to reverse repurchase agreements

\$

25.23

Subject to dollar repurchase agreements

\$

25.24

Subject to reverse dollar repurchase agreements

\$

25.25

Pledged as collateral

\$

25.26

Placed under option agreements

\$

25.27

Letter stock or securities restricted as to sale

\$

25.28

On deposit with state or other regulatory body

\$

25.29

Other

\$

1,001,257

25.3 For category (25.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount

- 26.1

Does the reporting entity have any hedging transactions reported on Schedule DB?

Yes ☐ No ☒
- 26.2

If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?
If no, attach a description with this statement.

Yes ☐ No ☐ NA ☒
- 27.1

Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity?

Yes ☐ No ☒
- 27.2

If yes, state the amount thereof at December 31 of the current year

\$

28.

Excluding items in Schedule E-Part 3-Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III – General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping agreements of the NAIC *Financial Condition Examiners Handbook*?

Yes ☒ No ☐

28.01 For agreements that comply with the requirements of the NAIC *Financial Condition Examiners Handbook*, complete the following:

1 Name of Custodian(s)	2 Custodian's Address
Fifth Third Bank	Grand Rapids, Michigan
Chemical Bank	Grand Rapids, Michigan

28.02 For all agreements that do not comply with the requirements of the NAIC *Financial Condition Examiners Handbook*, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

- 28.03

Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year?

Yes ☐ No ☒
- 28.04

If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

28.05 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository Number(s)	2 Name	3 Address

GENERAL INTERROGATORIES

29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D - Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])?..... Yes [] No [X]

29.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
.....
.....
29.2999 TOTAL		0

29.3 For each mutual fund listed in the table above, complete the following schedule:

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation
.....
.....

30. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-) or Fair Value over Statement (+)
30.1 Bonds.....	0	.....	0
30.2 Preferred Stocks.....	0	.....	0
30.3 Totals	0	0	0

30.4 Describe the sources or methods utilized in determining the fair values:

31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D?..... Yes [] No []

31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source?..... Yes [] No []

31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:

32.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? Yes [X] No []

32.2 If no, list exceptions:

GENERAL INTERROGATORIES

OTHER

- 33.1 Amount of payments to Trade associations, service organizations and statistical or rating bureaus, if any?.....\$
- 33.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid
.....
.....

- 34.1 Amount of payments for legal expenses, if any?.....\$14,771
- 34.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
.....
.....

- 35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any?.....\$
- 35.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid
.....
.....

GENERAL INTERROGATORIES

PART 2 - HEALTH INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force?

Yes [] No [X]

1.2 If yes, indicate premium earned on U. S. business only.

\$0

1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

\$

1.31 Reason for excluding

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above

\$

1.5 Indicate total incurred claims on all Medicare Supplement insurance.

\$0

1.6 Individual policies:

Most current three years:

1.61 Total premium earned

\$0

1.62 Total incurred claims

\$0

1.63 Number of covered lives

.....0

All years prior to most current three years:

1.64 Total premium earned

\$0

1.65 Total incurred claims

\$0

1.66 Number of covered lives

.....0

1.7 Group policies:

Most current three years:

1.71 Total premium earned

\$0

1.72 Total incurred claims

\$0

1.73 Number of covered lives

.....0

All years prior to most current three years:

1.74 Total premium earned

\$0

1.75 Total incurred claims

\$0

1.76 Number of covered lives

.....0

2. Health Test:

1

Current Year

2

Prior Year

2.1 Premium Numerator

\$

.....30,242,994

\$

.....29,001,934

2.2 Premium Denominator

\$

.....30,242,994

\$

.....29,001,934

2.3 Premium Ratio (2.1/2.2)

.....1.000

.....1.000

2.4 Reserve Numerator

\$

.....2,971,169

\$

.....1,645,592

2.5 Reserve Denominator

\$

.....2,971,169

\$

.....1,645,592

2.6 Reserve Ratio (2.4/2.5)

.....1.000

.....1.000

3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits?

Yes [] No [X]

3.2 If yes, give particulars:

4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency?

Yes [X] No []

4.2 If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered?

Yes [] No [X]

5.1 Does the reporting entity have stop-loss reinsurance?

Yes [X] No []

5.2 If no, explain:

5.3 Maximum retained risk (see instructions)

5.31 Comprehensive Medical

\$300,000

5.32 Medical Only

\$

5.33 Medicare Supplement

\$

5.34 Dental and Vision

\$

5.35 Other Limited Benefit Plan

\$

5.36 Other

\$

6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:

7.1 Does the reporting entity set up its claim liability for provider services on a service date basis?

Yes [X] No []

7.2 If no, give details

8. Provide the following information regarding participating providers:

8.1 Number of providers at start of reporting year

.....1,136

8.2 Number of providers at end of reporting year

.....2,385

9.1 Does the reporting entity have business subject to premium rate guarantees?

Yes [] No [X]

9.2 If yes, direct premium earned:

9.21 Business with rate guarantees between 15-36 months

9.22 Business with rate guarantees over 36 months

27

GENERAL INTERROGATORIES

PART 2 - HEALTH INTERROGATORIES

- 10.1

Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts?.....

Yes [] No [X]
- 10.2

If yes:

10.21

Maximum amount payable bonuses

\$.....

10.22

Amount actually paid for year bonuses

\$.....

10.23

Maximum amount payable withholds

\$.....

10.24

Amount actually paid for year withholds

\$.....
- 11.1

Is the reporting entity organized as:

11.12

A Medical Group/Staff Model,

Yes [X] No []

11.13

An Individual Practice Association (IPA), or,

Yes [] No []

11.14

A Mixed Model (combination of above) ?.....

Yes [] No []
- 11.2

Is the reporting entity subject to Minimum Net Worth Requirements?

Yes [X] No []
- 11.3

If yes, show the name of the state requiring such net worth.

Michigan
- 11.4

If yes, show the amount required.

\$.....2,170,478
- 11.5

Is this amount included as part of a contingency reserve in stockholder's equity?

Yes [] No [X]
- 11.6

If the amount is calculated, show the calculation

Two times Risk Based Capital
12.

List service areas in which reporting entity is licensed to operate:

1
Name of Service Area

- 13.1

Do you act as a custodian for health savings accounts?.....

Yes [] No [X]
- 13.2

If yes, please provide the amount of custodial funds held as of the reporting date.....

\$.....
- 13.3

Do you act as an administrator for health savings accounts?.....

Yes [] No [X]
- 13.4

If yes, please provide the balance of the funds administered as of the reporting date.....

\$.....

FIVE-YEAR HISTORICAL DATA

	1 2011	2 2010	3 2009	4 2008	5 2007
Balance Sheet (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 28)	6,586,519	6,023,995	6,720,235	9,278,298	10,482,544
2. Total liabilities (Page 3, Line 24)	4,004,546	2,694,682	4,118,084	5,564,607	4,835,756
3. Statutory surplus	2,170,478	2,036,424	1,954,784	2,411,976	2,267,342
4. Total capital and surplus (Page 3, Line 33)	2,581,972	3,329,313	2,602,151	3,713,691	5,646,789
Income Statement (Page 4)					
5. Total revenues (Line 8)	30,568,630	29,324,322	28,335,456	30,516,996	33,370,219
6. Total medical and hospital expenses (Line 18)	29,177,995	26,632,263	27,047,425	30,862,408	30,174,311
7. Claims adjustment expenses (Line 20)	306,947	238,499	205,851	216,823	176,783
8. Total administrative expenses (Line 21)	2,755,292	2,215,167	2,633,168	3,098,359	3,313,583
9. Net underwriting gain (loss) (Line 24)	(1,671,604)	238,393	(1,550,988)	(3,660,594)	(294,458)
10. Net investment gain (loss) (Line 27)	331,068	386,667	444,340	616,834	725,695
11. Total other income (Lines 28 plus 29)	0	0	0	41,405	0
12. Net income or (loss) (Line 32)	(759,834)	695,455	(1,173,475)	(1,802,717)	283,572
Cash Flow (Page 6)					
13. Net cash from operations (Line 11)	442,543	(441,105)	(1,971,284)	(971,921)	(1,861,895)
Risk - Based Capital Analysis					
14. Total adjusted capital	2,581,972	3,329,313	2,602,151	3,713,691	5,646,789
15. Authorized control level risk-based capital	1,085,239	1,018,214	977,392	1,205,988	1,133,671
Enrollment (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7)	7,925	7,953	7,558	8,330	9,457
17. Total members months (Column 6, Line 7)	95,233	92,572	92,739	104,453	121,584
Operating Percentage (Page 4)					
(Item divided by Page 4, sum of Lines 2, 3, and 5) x 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
19. Total hospital and medical plus other non-health (Lines 18 plus Line 19)	96.5	91.8	96.8	102.8	91.7
20. Cost containment expenses	0.0	0.0	0.0	0.0	xxx
21. Other claims adjustment expenses	1.0	0.8	0.7	0.7	0.5
22. Total underwriting deductions (Line 23)	106.6	100.3	106.9	113.8	102.3
23. Total underwriting gain (loss) (Line 24)	(5.5)	0.8	(5.5)	(12.2)	(0.9)
Unpaid Claims Analysis					
(U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13, Col. 5)	1,824,791	1,562,568	1,923,407	3,068,956	1,940,435
25. Estimated liability of unpaid claims—[prior year (Line 13, Col. 6)]	1,645,592	2,584,219	3,294,808	2,724,870	4,067,556
Investments In Parent, Subsidiaries and Affiliates					
26. Affiliated bonds (Sch. D Summary, Line 12, Col. 1)	0	0	0	0	0
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Col. 1)	0	0	0	0	0
28. Affiliated common stocks (Sch. D Summary, Line 24, Col. 1)	0	0	0	0	0
29. Affiliated short-term investments (subtotal included in Sch. DA Verification, Col. 5, Line 10)	0	0	0	0	0
30. Affiliated mortgage loans on real estate		0	0	0	0
31. All other affiliated	964,697	933,717	779,210	740,463	729,454
32. Total of above Lines 26 to 31	964,697	933,717	779,210	740,463	729,454

NOTE: If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, Accounting Changes and Correction of Errors?

Yes [] No []

If no, please explain

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

		1	Direct Business Only							
			2	3	4	5	6	7	8	9
States, Etc.		Active Status	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefit Program Premiums	Life & Annuity Premiums & Other Considerations	Property/ Casualty Premiums	Total Columns 2 Through 7	Deposit-Type Contracts
1. Alabama	AL	N							0	0
2. Alaska	AK	N							0	0
3. Arizona	AZ	N							0	0
4. Arkansas	AR	N							0	0
5. California	CA	N							0	0
6. Colorado	CO	N							0	0
7. Connecticut	CT	N							0	0
8. Delaware	DE	N							0	0
9. Dist. of Columbia	DC	N							0	0
10. Florida	FL	N							0	0
11. Georgia	GA	N							0	0
12. Hawaii	HI	N							0	0
13. Idaho	ID	N							0	0
14. Illinois	IL	N							0	0
15. Indiana	IN	N							0	0
16. Iowa	IA	N							0	0
17. Kansas	KS	N							0	0
18. Kentucky	KY	N							0	0
19. Louisiana	LA	N							0	0
20. Maine	ME	N							0	0
21. Maryland	MD	N							0	0
22. Massachusetts	MA	N							0	0
23. Michigan	MI	L	24,218,187			6,598,633			30,816,820	0
24. Minnesota	MN	N							0	0
25. Mississippi	MS	N							0	0
26. Missouri	MO	N							0	0
27. Montana	MT	N							0	0
28. Nebraska	NE	N							0	0
29. Nevada	NV	N							0	0
30. New Hampshire	NH	N							0	0
31. New Jersey	NJ	N							0	0
32. New Mexico	NM	N							0	0
33. New York	NY	N							0	0
34. North Carolina	NC	N							0	0
35. North Dakota	ND	N							0	0
36. Ohio	OH	N							0	0
37. Oklahoma	OK	N							0	0
38. Oregon	OR	N							0	0
39. Pennsylvania	PA	N							0	0
40. Rhode Island	RI	N							0	0
41. South Carolina	SC	N							0	0
42. South Dakota	SD	N							0	0
43. Tennessee	TN	N							0	0
44. Texas	TX	N							0	0
45. Utah	UT	N							0	0
46. Vermont	VT	N							0	0
47. Virginia	VA	N							0	0
48. Washington	WA	N							0	0
49. West Virginia	WV	N							0	0
50. Wisconsin	WI	N							0	0
51. Wyoming	WY	N							0	0
52. American Samoa	AS	N							0	0
53. Guam	GU	N							0	0
54. Puerto Rico	PR	N							0	0
55. U.S. Virgin Islands	VI	N							0	0
56. Northern Mariana Islands	MP	N							0	0
57. Canada	CN	N							0	0
58. Aggregate other alien	OT	XXX	0	0	0	0	0	0	0	0
59. Subtotal	XXX		24,218,187	0	0	6,598,633	0	0	30,816,820	0
60. Reporting entity contributions for Employee Benefit Plans	XXX								0	
61. Total (Direct Business)	(a) 1		24,218,187	0	0	6,598,633	0	0	30,816,820	0
DETAILS OF WRITE-INS										
5801.	XXX									
5802.	XXX									
5803.	XXX									
5898. Summary of remaining write-ins for Line 58 from overflow page	XXX		0	0	0	0	0	0	0	
5899. Totals (Lines 5801 through 5803 plus 5898) (Line 58 above)	XXX		0	0	0	0	0	0	0	

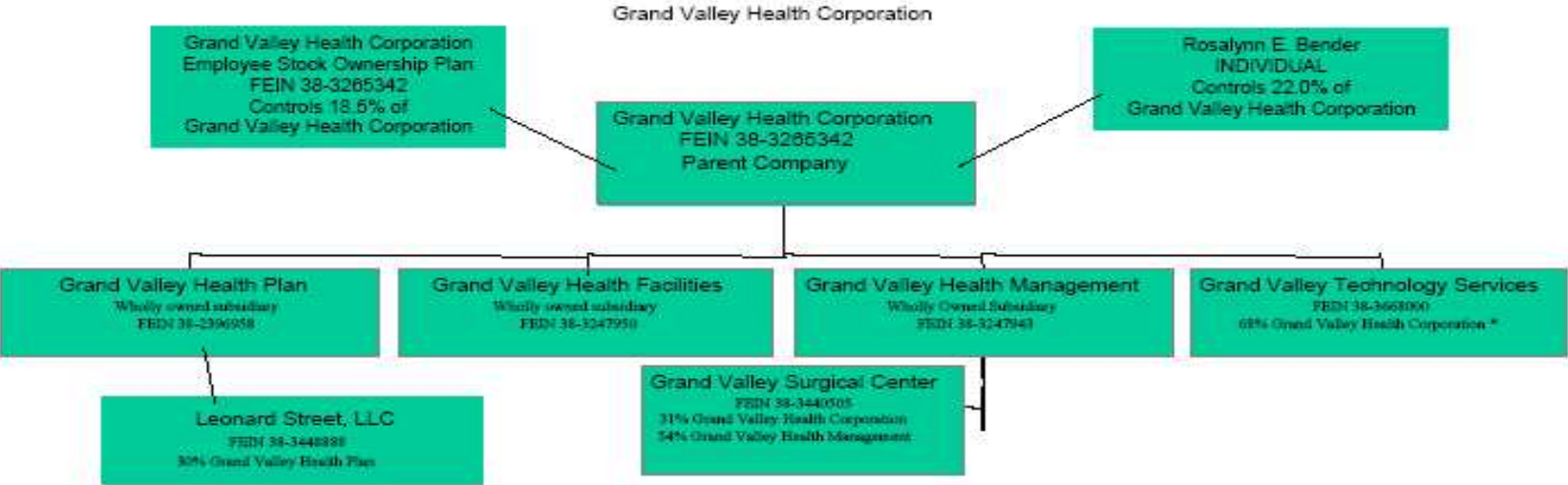
(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business in the state.

Explanation of basis of allocation by states, premiums by state, etc.

(a) Insert the number of L responses except for Canada and other Alien.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



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